

TRANSFER AGENT:

THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN



Annual Report

for the

Year Ended December 31

1943

COMMERCE

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McGILL UNIVERSITY

Government Taxes Charged Against Operations For the Year 1943

Federal Excise and Sales Taxes	\$2,154,676.02
Income and Excess Profits Taxes	1,153,602.41
	\$3,308,278.43

(These taxes do not include the revenue which the various Provincial Governments have derived from the sale of our products through their respective Liquor Control Boards.)

Officers

FRITZ SICK	Chairman of the Board
E. G. SICK	President
R. H. B. KER	Vice-President and Secretary
W. H. SHEPPARD	Vice-President
G. R. WHITMORE	Vice-President
R. J. CHISWICK	General Manager
I. N. WILSON	Treasurer and Assistant-Secretary

Directors

R. J. CHISWICK, Calgary, Alberta.	LT.-COL. F. L. SHOULDICE, M.C., K.C., Calgary, Alberta.
LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec.	EMIL G. SICK, Seattle, Washington.
WM. HUTTON, Regina, Saskatchewan.	FRITZ SICK, Vancouver, British Columbia.
R. H. B. KER, Victoria, British Columbia.	J. A. SWALWELL, Seattle, Washington.
GROUP CAPT. J. C. MALONE, K.C., Regina, Saskatchewan.	J. G. WALFORD, Calgary, Alberta.
C. E. MORRIS, Calgary, Alberta.	RT. HON. WM. DUDLEY-WARD, P.C., Calgary, Alberta.
W. H. SHEPPARD, Edmonton, Alberta.	GEORGE R. WHITMORE, Regina, Saskatchewan.

Plants and Locations

WHOLLY OWNED SUBSIDIARIES

EDMONTON BREWERIES LIMITED	Edmonton, Alta.
LETHBRIDGE BREWERIES LIMITED	Lethbridge, Alta.
PRINCE ALBERT BREWERIES LIMITED	Prince Albert, Sask.
THE REGINA BREWING COMPANY LIMITED	Regina, Sask.
CAPILANO BREWING COMPANY LIMITED	Vancouver, B.C.

ASSOCIATED BREWERIES OF CANADA LIMITED
AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

Consolidated Profit and Loss Account

For the Year Ending December 31st, 1943

Net Operating Profits, before charging depreciation	\$ 1,630,692.03
<i>(A total of \$57,649.98, which includes salaries paid to brewery managers, was paid as salaries and remuneration to the executive officers and legal advisors of the Company.)</i>	
Revenue from Investments	54,863.54
Other Revenue	14,416.76
	1,699,972.33
Less:	
Directors' Fees	\$ 7,000.00
Depreciation	110,787.20
Income Taxes	305,587.97
Excess Profits Taxes	847,514.44
	1,270,889.61
Net Profits for the year, carried to Earned Surplus Account	<u>\$ 429,082.72</u>

Consolidated Earned Surplus Account

December 31st, 1943

Balance, January 1st, 1943	\$ 1,568,631.97
Net Profits for the year, from Profit and Loss Account	429,082.72
	1,997,714.69
Less:	
Three Quarterly Dividends, each of $1\frac{3}{4}$ percent, on the cumulative Preferred Shares	\$ 30,921.12
Three Dividends of 25 cents per share, and one Dividend of 75 cents per share, on the issued Common Shares of no par value	357,000.00
Premiums on redemption of Preferred Shares	35,261.87
	423,182.99
	<u>\$ 1,574,531.70</u>

OF CANADA LIMITED

ARY BREWING COMPANIES

t, December 31st, 1943

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 69,417.06	
Income and Other Taxes	710,882.63	
		\$ 780,299.69

Deferred Liability		6,185.00
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Reserves:

For Contingent Losses on Investments	354,604.01	
For Depreciation of Fixed Assets	2,059,452.37	
For Income and other Taxes	29,910.95	
		2,443,967.33

Deferred Surplus:

Refundable Portion of Excess Profits Taxes		244,244.90
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Capital:

Common Shares—238,000 Common Shares of no par value		2,145,293.08
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Earned Surplus:		1,574,531.70
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Contingent Liabilities \$56,072.83

\$7,194,521.70

Our report on the above Balance Sheet, dated February 21st, 1944, is attached hereto.

NASH & NASH,
Chartered Accountants.

ASSOCIATED BREWERIE

AND WHOLLY OWNED SUBS

Consolidated Balance She

ASSETS

Current Assets:

Cash on Hand and in Banks	\$ 433,189.04	
Accounts Receivable	63,553.02	
Inventories, at the lower of cost or market prices, as approved by the managements	700,164.81	
Dominion of Canada Bonds, at cost, (Market Value \$866,246.79)	858,381.16	
Life Insurance Policies, Cash Surrender Value	267,193.30	
		\$ 2,322,481.33

Investments:

Mortgages, Loans and Other Investments, at cost	726,771.13	
Shares in, and Loans to, other non-brewing subsidiary Companies	184,240.92	
		911,012.05

Refundable Portion of Excess Profits Taxes	244,244.90
Deferred and Prepaid Charges	37,795.85

Fixed Assets:

Lands, Buildings, Plants and Equipment, at the depreciated replace- ment valuations of the Canadian Appraisal Company at July 31st, 1928, with additions since that date at cost	3,678,987.57
	<u>\$ 7,194,521.70</u>

Approved on behalf of the Board,

G. R. WHITMORE	} Directors
J. A. SWALWELL	

ASSOCIATED BREWERIES OF CANADA LIMITED

Auditors' Report

We have examined the books and accounts of Associated Breweries of Canada Limited for the year ending December 31st, 1943, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of the Associated Breweries of Canada Limited and its constituent companies at December 31st, 1943, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent companies.

In accordance with Section 114 of the Dominion Companies' Act, we report that dividends of \$12,513.88 were received from non-brewing subsidiary companies out of their accumulated surpluses, and that the payment of these dividends does not involve an impairment of capital; also that the operations of these non-brewing subsidiary companies resulted in total net profits to this Company of \$8,156.33, which have not been brought into the accounts of the Company.

Redemption of the whole of the outstanding cumulative redeemable preferred shares was effected during the year, the reduction of capital resulting therefrom being subject to confirmation by supplementary letters patent.

February 21st, 1944.

NASH & NASH,
Chartered Accountants.

special reserve previously set aside for premiums on redemption of preferred shares was augmented by \$35,261.87 charged in the Earned Surplus Account for the year. It was the original intention to retire the preferred shares over a period of 30 years, but this has been accomplished in 15 years. A By-law will be submitted for your approval seeking confirmation of the action of your Directors in this regard.

In spite of the fact that the capital reduction totalled over \$600,000.00, the Balance Sheet discloses Liquid Assets of \$2,322,481.33 against Current Liabilities of \$780,299.69, leaving a net working capital of \$1,542,181.64. Dominion of Canada Bonds at \$858,381.16 show a further increase over 1942, which is in keeping with the policy of the Company to invest in Victory Bonds all surpluses of earnings plus unexpended depreciation funds over current dividend disbursements. Your Directors propose to take advantage of this favourable liquid position to make necessary replacements and extraordinary repairs in the post-war period which are not now possible, and will apply such part of the refundable portion of Excess Profits Taxes, as will be required to finance any expansion program which may then be decided upon. This amount is estimated to be at least \$500,000.00.

In addition to the usual dividends paid on the 7% preference shares to October 1st, the Common stock shareholders received \$1.50 per share during the year.

We are most appreciative of the splendid co-operation of our numerous customers who have manifested their good-will and forbearance during the trying period of war restrictions, and we also desire to place on record our grateful thanks for the loyal and efficient services of the management and employees.

On behalf of the Board,

E. G. SICK,
President.

March 14th, 1944.
Calgary, Alberta.

ASSOCIATED BREWERIES OF CANADA LIMITED

Report of the Directors

For the Year ended December 31st, 1943

To the Shareholders:

Your Directors have pleasure in presenting the Sixteenth Annual Consolidated Statement of Associated Breweries of Canada Limited, and its wholly owned brewing subsidiaries for the fiscal year ended December 31st, 1943; also the Auditors' Report thereon.

Sales of beer in Canada were restricted by Government Order to 90% of the 1942 total, and although subsequent minor modifications were made in the original order, there has been a reduction in turnover. Another adverse effect on earnings has been the application of the 100% Excess Profits Tax rate for the full year, instead of for only six months as in 1942.

Having regard to the foregoing, it is a pleasure to report that after payment of Sales, Excise, Income and Excess Profits Taxes of \$3,308,278.43, the operations of the combined companies for the year have resulted in a net profit of \$429,082.72. In addition to the net profits, the refundable portion of Excess Profits Tax for the year amounted to a further sum of \$157,930.41.

All of the properties and equipment of the Company have been well maintained and depreciation of \$110,787.20 has been set up at standard rates; however, as some of the assets consisting chiefly of machinery and equipment, have now been entirely written off, the amount charged to depreciation reserves in 1943 is less than in previous years.

During the year the balance of the outstanding preferred shares was redeemed and the necessary financing was accomplished by a re-arrangement of certain of the Company's investments and by taking the remainder out of cash on hand. The